

Message Text

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PAGE 01 LONDON 08391 041126Z

47

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 CIAE-00 INR-07 NSAE-00 FRB-03

SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 SAM-01 XMB-02 COME-00 /073 W

----- 044010

R 041117Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1629

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652:N/A

TAGS: EFIN, UK

SUBJECT: BRITISH FOREIGN EXCHANGE RESERVES FALL SHARPLY

1. UK FOREIGN EXCHANGE RESERVES FELL BY \$641 MILLION IN MAY, A FALL OF ABOUT 10 PERCENT. RESERVES NOW STAND AT ABOUT \$6.491 BILLION. THE FALL RESULTED FROM EXTENSIVE INTERVENTION IN THE FOREIGN EXCHANGE MARKET IN MAY IN SUPPORT OF STERLING WHICH PLUNGED TO A RECORD LOW DEPRECIATION ON A TRADE-WEIGHTED BASIS IN MID-MAY. THE ACTUAL LOSS OF RESERVES AS A RESULT OF INTERVENTION WAS OFFSET, TO SOME EXTENT, BY PUBLIC SECTOR BORROWING FROM ABROAD OF \$72 MILLION AND MAY HAVE ALSO BEEN MASKED BY BANK OF ENGLAND DEALINGS IN THE FORWARD MARKET. BANK OF ENGLAND
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SOURCES INFORM US THAT, TO THEIR KNOWLEDGE, THE RUMOR THAT

THE FOREIGN EXCHANGE MARKET WILL BE CLOSED ON FRIDAY,
JUNE 6, FOLLOWING THE EC REFERENDUM IS FALSE.

SPIERS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE HOLDINGS, DEVALUATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON08391
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750195-0130
From: LONDON
Handling Restrictions: n/a
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Legacy Key: link1975/newtext/t19750682/aaaacxdb.tel
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Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2003 by ElyME>; APPROVED <14 OCT 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
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06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRITISH FOREIGN EXCHANGE RESERVES FALL SHARPLY
TAGS: EFIN, UK
To: STATE
Type: TE
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